

iowafood.com: The Development of an Alternative Marketing Strategy

Location of Project: Colo, Iowa (North Central Region)

Purpose: The project's goal was to develop alternative marketing strategies, national markets, and logistical infrastructure for small family farms in Iowa and enable them to direct market organic poultry to household consumers. This plan was carried out by establishing a farmer-owned company that would purchase poultry directly from farmers and sell the processed products under a uniform brand to consumers via the Internet. By bypassing a large-scale processor and supplying consumers directly, the project leaders attempted to increase the prices they could receive for organic poultry, which was estimated at \$0.95 per pound for chicken.

Accomplishments: The managers of the project successfully completed a feasibility study for direct marketing in its test market of Des Moines, IA, designed a website and marketing materials, completed research of the market, wrote a business plan, and met with other producers across the state. After doing the background research necessary to get this potential project off the ground, the project managers then

implemented their business plan, accepted orders from gourmet restaurants for free range chickens, organized a producer production schedule, developed infrastructure for processing and distribution, and successfully marketed its first products in June 2001. Thirteen poultry producers were involved in the early stages of the project and 10 producers ended up marketing their organic poultry through this marketing arrangement. Approximately 40 percent of the company's revenue was returned to the farmer members. To document their experiences and the information they collected, the project managers compiled a handbook on organic production and marketing practices, which they shared with producer members and other interested farmers at local conferences.

Lessons Learned: It is almost impossible for medium-sized poultry producers to sell all of their production in their local rural community. Therefore, it is essential that they form marketing alliances that enable them to pursue larger markets in the metropolitan area. To be most successful, direct organic chicken marketing in Iowa should be, at minimum, a state-wide effort. Otherwise, localized groups tend to compete against each other for the same limited local market, which prevents anyone from having the production capacity to

supply consumers in population centers, where premium markets exist.

Some of the farmer members of the marketing alliance had difficulty accepting the level of expenses that needed to be directed toward transportation, storage, marketing, and administration. According to the project manager, these are issues that need to be addressed upfront, if this type of marketing alliance is to be successful.

Conclusion:

Overall, the project accomplished more than anticipated. The project had a major impact on the community by providing a marketing outlet for approximately 10 organic poultry farmers, with additional producers and customers indicating their interest in participating. Furthermore, the project demonstrated that direct marketing of organic agriculture on the Internet provides a potential opportunity for small farmers to enhance their quality of life and make rural farming more economically viable.